



Remarks Prepared For Delivery

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Thank you, Geoff, for that nice introduction.

First, I want to thank you all for being here and let you know how pleased I am to be able to address you and put faces to the names I see and hear.

I hope that you find this training conference productive. This is your opportunity to actively engage in hands-on training activities, build relationships with the staff, and obtain information relevant to your position. And perhaps most importantly – in addition to the training, briefings and presentations – I encourage you to take advantage of your time together to share the best practices and network with one another.

## **The Four Pillars**

Government Contracting is integral to the agency, and is an important part of what we do, so I'd like to talk about what I see as the Agency's primary objectives, and how all of you contribute to that mission.

SBA is an agency that can set ambitious goals and reach them. We have compiled a strong record of internal reform and improvement, and we are institutionalizing the means to drive continuing reforms in the future. Let me explain what I mean.

I have four fundamental questions that I ask myself regularly, based on the four pillars. Some of you have heard me talk about them before, but I'll mention them again today because they provide the framework on which agency reform is built. Our four pillars are:

- Outcomes Driven
- Customer Focused
- Employee Enabled, and
- Accountable, Efficient and Transparent

First, I ask if we are driving the right outcomes. What results are we working toward, and are those the results we should strive for? For example, are we focused on only increasing the number of loans we make, or are we focused on driving capital to the businesses or areas of our country where we can have the greatest impact?

Second, are we customer focused in what we are doing? SBA's products and services enable small business success, but only when they reach small businesses. We need to ensure that small businesses find us easy to work with. But since our agenda succeeds when our partners succeed, we also need to work effectively with other federal agencies.

I chair a monthly meeting on the Procurement Advisory Council, where SBA hosts the small business office directors

from other federal agencies. That is going really well and we are making progress on a monthly basis.

We're also currently working with several agencies to develop partnerships, including the VA, and the Nuclear Regulatory Commission, and, of course, DoD. And last week, we signed a Memorandum of Agreement with the Department of Navy, which will improve federal contracting opportunities to more than 240 disadvantaged firms participating in the 8(a) program.

Third, are we enabling our employees to extend the hand of service to our customers? We must provide the tools, training, positive work environment, and a culture that encourages excellence in order to be effective. Our employees are what make the agency work, so we need to ensure that they have everything they need.

Within the last year, we've completed two important training initiatives – SBA University in Virginia for our field offices and processing centers, and Senior Leadership training in Tampa.

Training of this magnitude had never been done before at the SBA, and the response for both training events was overwhelmingly positive. 90 percent of SBA University attendees rated the experience excellent or very good.

Training for HQ staff is scheduled for early next year. Training is an ongoing investment, and so we institutionalized the SBA University concept for future years. Your training here fits in with this program.

Finally, are we running a tight ship? We need to be accountable, efficient and transparent in all that we do.

An important element of our plan is to improve the quality and integrity of small business data entered into the government's contracting information system.

We worked with Office of Federal Procurement Policy, GSA, and acquisition agencies to address the fact that miscoding and other anomalies were causing contracts to be incorrectly counted toward the federal government's small business procurement goal.

Over 11 million contract actions were reviewed in order to correct miscoded contracts. There were instances of non-profits, state or local governments, and large companies being recorded erroneously as small businesses in the procurement database because of these miscodings. By scrubbing the data, we removed \$4.6 billion in miscoded contracting actions. This is an important step to ensure that small businesses can have

increased opportunity to secure a larger share of the federal procurement money.

To further ensure the integrity of our data, we needed to address the issue of businesses that won contracts when they were small, but during the life of the contract, grew beyond small business, or were acquired by larger firms. These firms were still being recorded as small businesses, and were counting toward small business goals.

So last year we published regulations requiring businesses to periodically recertify as small businesses, if they were to be categorized that way. These regulations make it effectively impossible for agencies to claim credit against small business goals for contracts that were originally awarded to small businesses that are no longer held by such firms.

We think it's great for small firms to grow, of course. Our efforts are intended to help small businesses become successful enough that they can be large businesses. But we don't want them to be counted as small businesses if they aren't.

SBA is currently undergoing a comprehensive size standard review where the Agency will review two to three sectors each quarter at the two-digit level NAICS code. We anticipate

the entire review process will take 18 to 24 months. We're doing this in the spirit of openness and cooperation.

The last overall review of size standards occurred during the early 1980s. Since that time, most reviews of size standards have been limited to specific industries and inflation adjustments, as requested by industry or other partners.

This is also an issue of best practices. We all know that a lot has changed since the 1980s, and we needed to re-evaluate all of our size standards for supportability and consistency.

To make agencies more accountable, we are tracking the performance of other agencies through our Scorecard. The Scorecard is modeled on the one used to track the President's Management Agenda. It rates 24 federal agencies in two categories.

In the first Scorecard, released last August, seven agencies received a green rating for their current status, and 12 received green for their progress. Twelve agencies received a red rating for their current status, but only four received a red rating for their progress.

The Scorecard has generated very strong interest, both in government and in contracting circles. In Fiscal 2008, two scorecards will be issued. The first scorecard will measure

plans in place to increase real opportunities for small business during this year. The second scorecard will assess FY 2007 goal achievement, and FY 2008 *progress against plans*.

To ensure that agencies meet their goals under targeted preference programs, we are expanding our review and appeal of procurements.

Up until now, requirement 'coordination' between SBA and procuring agencies was essentially limited to review and appeal of unrestricted requirements for possible small business set aside. Beginning this year, requirement coordination will extend to review and appeal of requirements for set-asides under 8(a), HUBZone, and SDVOSB.

- If it is an existing requirement that is unrestricted, then we encourage the agency to set it aside as appropriate among the targeted groups, or as a small business set-aside.
- If it is an existing requirement that is restricted [small business set aside], then we don't touch it.
- If it is a new requirement, either restricted or unrestricted, then we encourage the agency to set it aside



among the targeted programs, or as a small business set aside.

The net effect of all of these changes is that we're making it tougher for federal agencies to meet their small business goals. But by increasing the quality of the data and putting more pressure on the federal government to meet these goals, we're increasing opportunities for small businesses. And we're helping small businesses across the country secure more federal contracts.

## **Improving Contracting**

Cleaning up the data, clarifying the size requirements, and increasing transparency and accountability are only half of the battle. So we are setting forth a series of substantial improvements to our contracting and business development programs:

First, we are stepping up our support for small businesses. We have a major campaign under way to reach out to small businesses, educate them and help them navigate the federal procurement process.

In addition, we have improved our turn-around time on 8(a) applications to an average of 77 days. Not long ago many

firms that applied for our 8(a) program were taking 145 days or longer to get certified.

We've added a new online assessment tool that helps companies determine if they're eligible for the program before they apply. So far, more than 16,000 clients have completed the online assessment tool, and have been advised on their eligibility and suitability for the program.

We have simplified compliance reviews. And by automating much of the process, we have given our business development staff more time to focus on business development opportunities for the firms in their portfolios.

We have retrained our entire field network and national staff of contracting analysts – our PCRs. In providing re-orientation, we will help our PCRs work more intensely with federal procuring offices in order to help agencies meet their contracting goals, and will also provide other agencies the capacity to focus more on reviewing contract bundling.

We also authorized more PCRs – an increase of up to 66 nationwide for 2008, from 61 in 2007. These extra five representatives will be out there working to get small businesses federal contracts.

Finally, to increase support through improved technology, we implemented an enhancement to the CCR Dynamic Small Business Search called Quick Market Search. It features a reverse-lookup function that allows all procurement officials to conduct market searches quickly and to find 8(a), HUBZone and other targeted businesses that can perform Federal contracts.

In all, these improvements will help federal agencies identify genuine opportunities for small businesses – and it will get more money into their hands from federal contracts.

## **Conclusion**

SBA is focused directly on the issues surrounding small business procurement. We strive to create a partnership between SBA and other federal agencies that will improve small business contracting opportunities. SBA has a responsibility for oversight on small business contracting and a commitment to do the best we can on behalf of the small business owners of this country.

Federal procurement is a vital way of invigorating entrepreneurship. Ensuring that federal agencies make more real contracting opportunities available to small businesses is an essential way the SBA works toward that goal.

The SBA's role is a noble one. Our products and services are never ends in themselves, but can empower real change, real improvement, for small business owners, their employees, their families, and their communities.

The improvements that we're making ensure that we are more effective, more efficient, and have a greater impact. You are integrally involved in making that happen.

I'd like to close by emphasizing again that our people are what make the agency run. You are all highly respected throughout the agency, and I personally have high regard for Government Contracting and for Fay. I value your contributions and the role you play in bringing these initiatives to fruition. I want to see that you have the tools to succeed, and I assure you that if you have concerns, I will try to address them.

Thank you for listening to my view of the agency's mission and how we are going to fulfill it. When we succeed, the results resound throughout our communities. This is an important mission, and I think now, more than ever, this is an agency that is up to the challenge.

Thank you again for having me today. I'm happy to take any questions.